

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF PUERTO RICO**

IN RE:

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FUN VALLEY PARK INC.

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CASE NO. 10-08563 BKT

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CHAPTER 11

DEBTOR

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DEBTOR'S FIRST STATUS REPORT

TO THE HONORABLE COURT:

COMES NOW, Fun Valley Park Inc., as Debtor in Possession, by the undersigned attorney, to respectfully comply with the Court ordered First Status Report:

1. This Honorable Court has scheduled a status conference for November 17, 2010. (Docket No. 4)
2. In preparation thereof and in compliance with this Honorable Court Order, Debtor herein reports on all matters that will allow this case to be handled expeditiously and economically.

BACKGROUND AND DESCRIPTION OF DEBTORS' AFFAIRS

3. Fun Valley Park Inc. filed a voluntary petition for relief under the provisions of Chapter 11 of the Bankruptcy Code on September 16, 2010 including the required schedules and statement of financial affairs (Docket No. 1).
4. Since the filing of the petition, Debtor has been managing the affairs and operating the business as debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.
5. The meeting of creditors scheduled pursuant to the provisions of section 341(a) of the Bankruptcy Code was held and closed on November 2, 2010. Debtor was directed to comply with certain amendments to schedules. (Docket No. 14). Hence, Debtor filed Amended Schedule H (Docket Number 18) on November 10, 2010.

6. Fun Valley Park Inc., (hereinafter “Fun Valley”) is a domestic corporation organized under the laws of the Commonwealth of Puerto Rico on February 22, 2002. Fun Valley currently operates a recreational and amusement park located at Road Number 10, Tanamá Ward, Arecibo Puerto Rico. The park continues the customary operating hours of the business.

7. The stockholder-owners of the debtor are Mr. Rafael Aviles-Cordero and his wife, Mrs. Aurea E. Jiménez Cubero. Their son, Kevin Aviles, also works at Fun Valley as an assistant in the business’s operations and affairs.

8. Debtor is the owner of real property comprised of a commercial building and 22 acres (cuerdas) of land located at Road Number 10, Tanamá Ward, Arecibo, Puerto Rico. The company’s administrative offices and the amusement park are located on the premises.

REASONS FOR FILING THE PETITION

9. Debtor’s reasons for filing the captioned petition are mostly related to cash flow shortages and arrears on payroll taxes caused by delayed customer payments. In addition, during the past years, certain contracts with the Department of Education were cancelled and Debtor had to write-off receivables.

10. The cash flow shortages in operations resulted in arrears with the Internal Revenue Service (IRS) and with other taxing agencies for employer taxes. Debtor attempted to comply with direct payment plans with these agencies, but the cash demands were beyond the Debtor’s financial ability. Hence, a week before the filing of this bankruptcy petition, the IRS levied the company’s bank accounts. Debtor was unable to comply with the immediate operating expenses. For this reason, debtor filed the captioned case pursuing to restructure finances and resources in furtherance of providing a feasible payment alternative to creditors.

11. In addition, to the limited resources to cover operating expenses, the company had to face adverse judgments and potential foreclosure actions resulting from the complaints filed by several employees and creditors.

FILING OF DISCLOSURE STATEMENT AND PLAN

12. Debtor is not Small Business Debtor given the debt amounts detailed in this case.

13. To the extent allowed by the Court, debtor intends to file the Disclosure Statement and Plan of Reorganization no later than January 15, 2011.

ESTIMATED PROFESSIONAL FEES

14. Estimated professional fees are mostly related to the services of the undersigned as legal counselor. Considering our assessment of legal issues present in this case and the time and effort expended in similar cases; legal fees should approximate \$15,000, in addition to the \$5,000 retainer fee received.

15. Debtor is working with the business's internal accountant for the preparation of the Monthly Operating Reports filed in this case and in general matters related to the reorganization proceeding. However, due to the current operations, an external auditor (CPA) may be necessary to comply with the filing of corporate income tax return and year-end reports for the year ending on December 31, 2010. A separate application will be filed for approval of this Honorable Court at the time this work is necessary.

16. Real estate appraisers may be retained to assess the value of the commercial real property. A separate application for employment will be filed. None has been retained as of this date pending negotiations with the principal secured creditor.

ANTICIPATED SIGNIFICANT EVENTS

17. Debtor anticipates that the best feasible alternative for funding the plan of reorganization would be through the regular business operations. The commercial property may not have any equity to be offered to unsecured creditors and the operating assets are principally concentrated in debtor's management know-how and hard work in operating the recreational park.

18. At this time, we do not foresee any need for future status conferences.

WHEREFORE, Debtor herein respectfully submits this status report and prays for this Honorable Court to take notice of the matters detailed herein.

CERTIFICATE OF SERVICES

I HEREBY CERTIFY: That on this same date I electronically filed the foregoing with the Clerk of the Court using the CM/ECF System which will send notification of such filing to the participants appearing in said record.

I FURTHER CERTIFY: That on this same date a copy of the foregoing document has been hand delivered to the **U.S. Trustee Office**, this at their address of record and to all creditors and parties in interest as detailed in the enclosed master address list.

RESPECTFULLY SUBMITTED.

In Guaynabo, Puerto Rico, this 15th day of November 2010.

/S/ Wigberto Lugo Mender
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Label Matrix for local noticing 0104-3 Case 10-08563-BKT11 District of Puerto Rico Old San Juan Tue Oct 5 11:37:33 AST 2010	FUN VALLEY PARK INC PO BOX 93 CAMUY, PR 00627-0093	US Bankruptcy Court District of P.R. U.S. Post Office and Courthouse Building 300 Recinto Sur Street, Room 109 San Juan, PR 00901-1964
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The preferred mailing address (p) above has been substituted for the following entity/entities as so specified by said entity/entities in a Notice of Address filed pursuant to 11 U.S.C. 342(f) and Fed.R.Bank.P. 2002 (g)(4).

INTERNAL REVENUE SERVICES
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